



# Quarterly Financial Report

## *First Quarter of 2010-11*

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November 23, 2010

The financial information in this report reflects the City's overall financial position for the fiscal year through September 2010.

### EXECUTIVE SUMMARY

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**Amendments.** The General Fund budget presented in this first quarter report reflects the adopted budget of \$91,635,962; along with two budget amendments approved by Council during the first quarter that totaled \$616,757. The first amendment was a \$450,000 appropriation from fund balance for City Hall repairs. The other amendment, which totaled \$166,757, was to appropriate revenue and expenses associated with the annexation areas that became part of the City on September 30. In addition to these two amendments, the General Fund budget presented in this report reflects the \$3.5 million technical adjustment to the City's health care accounting. A summary of the budget changes since July 1 is presented below.

Adopted Budget	91,635,962
Health Care Technical Adjustment	(3,553,000)
Budget Amendments:	
City Hall Repairs*	450,000
Annexation Revenue & Expenses	<u>166,757</u>
9/30/2010 Budget	<u>\$88,699,719</u>

\* Fund balance appropriation

**Revenues.** Through September 30, 2010, the City has collected \$9,995,081 in General Fund revenue, which represents approximately 11.3% of the total General Fund revenue budget. There is no change in property tax estimates to report. Staff will receive updated property tax data in late December or early January. Sales tax estimates also appear to be on track to meet budget. The only major revenue variance to report is in the investment earnings category, where low interest rates are having a significant impact. Because of this shortfall in investment earnings, staff is currently projecting that ***total FY 2010-11 General Fund revenue will come in under budget by \$786,000.***

**Expenditures.** General Fund expenditures through September 30, 2010 total \$18,811,826 or 21.2% of the budget, which is typical for this point in the fiscal year. One area to note on the expenditure side is the trend in health care expenses. Although expenditure growth in this area has slowed compared to previous years (about 6% during the first quarter compared to last year), the rate of growth may still result in expenses exceeding budget estimates. The city has implemented several management strategies to curb expenditure growth throughout the year, and the full impact of those strategies may not be realized until later in the year.

Nonetheless, in order to conservatively manage expenses and address any potential under performance in revenues, the city is actively identifying additional savings in the current year budget. *These savings, representing roughly 1% of the overall budget, are expected to come from a combination of strategies that have minimal impact on public services. These strategies include further selective hiring, line item reductions, deferring capital expenses where possible, and seeking opportunities to maximize efficiency in operations.*

***Fund Balance.*** Until the FY 2009-10 audit is complete, staff must rely on unaudited estimates for the final year end available fund balance figure for FY 2009-10. Based on current data, staff is estimating that available fund balance on June 30, 2010 was approximately \$11.9 million. *With implementation of the savings strategies mentioned above, FY 2010-11 expenditures are expected to equal revenues, which means available fund balance will remain at \$11.9 million or 13.6% of estimated expenditures.*

**GENERAL FUND**

	Revised	9/30/2010	Year-End	Pos./(Neg.)
<b>Revenues:</b>	Budget	Actuals	Estimate	Bud. Variance
Property Taxes	46,220,370	0	46,220,370	0
Sales & Other Taxes	15,144,688	2,658,441	15,169,688	25,000
Intergovernmental	11,175,602	4,190,764	11,155,840	(19,762)
Sales & Services	5,387,771	1,089,498	5,375,000	(12,771)
Licenses & Permits	5,208,524	1,261,734	5,250,000	41,476
Investment Earnings	1,014,000	58,776	225,000	(789,000)
Miscellaneous	1,210,943	110,913	1,180,000	(30,943)
Charges to Other Funds	<u>2,887,821</u>	<u>624,955</u>	<u>2,887,821</u>	<u>0</u>
Total Revenue	<u>88,249,719</u>	<u>9,995,081</u>	<u>87,463,719</u>	<u>(786,000)</u>
<b>Expenditures:</b>				
Administrative Services	2,671,681	605,483	2,611,681	60,000
Legal Services	607,413	118,492	597,413	10,000
Finance	1,723,798	376,006	1,683,798	40,000
Human Resources	1,556,908	254,816	1,481,908	75,000
Information Tech. Srv	2,441,732	577,748	2,366,732	75,000
Nondepartmental	12,096,228	2,699,250	12,026,228	70,000
Economic Development	464,505	83,934	434,505	30,000
Fire	17,879,043	4,119,723	17,819,043	60,000
Police	20,200,804	4,176,678	19,940,804	260,000
Building Safety	3,676,929	747,658	3,591,929	85,000
Transportation	1,149,338	232,707	1,109,338	40,000
Public Works	12,964,355	2,431,229	12,734,355	230,000
Planning	1,948,173	386,873	1,913,173	35,000
Parks & Recreation	<u>9,318,812</u>	<u>2,001,230</u>	9,152,812	166,000
Total Expenditure	<u>88,699,719</u>	<u>18,811,826</u>	<u>87,463,719</u>	<u>1,236,000</u>
Rev. (Under) Exp.	<u>(450,000)</u>	<u>(8,634,037)</u>	<u>0</u>	
<b>Other Financing Sources (Uses):</b>				
Fund Bal. Change	<u>(450,000)</u>		<u>0</u>	
Beginning Fund Balance	<u>11,900,000</u>		<u>11,900,000</u>	
Ending Fund Balance	<u>11,450,000</u>		<u>11,900,000</u>	
Fund Balance Percentage	<u>12.9%</u>		<u>13.6%</u>	

**REVENUES:**

At this point in the fiscal year, staff is projecting FY 2010-11 General Fund revenue will be \$87,463,719, which is \$786,000 below the revised budget. Major revenues to report on for the 1st quarter include:

**Property taxes.** Property tax revenue in the prior fiscal year grew by 3.2%, which is in line with the ten-year average growth rate of 3.3%. Based on estimates received from the Buncombe County Tax Assessor during the budget process, assessed value growth of only 1.5% is expected in FY 2010-11. If this estimate holds, it would be the smallest percentage increase in assessed value in the last ten fiscal years. This reduced growth rate is primarily due to the slowdown in new construction brought on by the recession. According to the Tax Assessor, property values were also negatively impacted by an increase in applications for programs, such as the Homestead and Veterans Exemptions and the builder improvement deferral, that allow property owners to reduce their valuations. It should be noted that the City will not receive its official tax base data from Buncombe County until early January. Property tax estimates will be refined at that time and reported to City Council at the second quarter financial report.

**Sales taxes.** Sales tax revenue in the prior fiscal year declined by 5.1% compared to FY 2008-09. This was the third consecutive fiscal year in which sales tax revenue declined, which is unprecedented in the twenty-plus years that the City has been receiving sales tax revenue. For the current fiscal year, the N.C. League of Municipalities is projecting that sales tax revenue will begin growing again, but at a rate of only 1% to 2%. To date, the City has received three months of sales tax revenue in FY 2010-11 and revenue is up 7.0% compared to the same time period last year, so trends in the first quarter are positive for sales tax revenue.

**Intergovernmental.** The City received its annual Powell Bill allocation from the N.C. Department of Transportation in September. The amount received this fiscal year totaled \$2,060,723, which is the lowest funding allocation since at least FY 1998-99. The amount of Powell Bill funding available to share with municipalities is heavily dependant upon revenue from automobile sales and gasoline taxes. The recent recession led to both a slowdown in automobile sales and a decrease in demand for gasoline, which has dramatically reduced Powell Bill funding. Fortunately, the N.C. League of Municipalities alerted cities to this coming decline back in the spring, and staff was able to adjust the budget to avoid a shortfall in this revenue.

**Investment Earnings.** Although staff has not yet finalized investment earnings calculations for last fiscal year, this revenue source will be down substantially from prior years due to the historically low interest rates currently available in the market. Due to the way N.C. local governments typically structure their investment portfolios, there is often a lag between interest rate changes and the impact these changes have on investment earnings. For that reason, the City did not experience a significant decline in investment earnings until FY 2009-10, when citywide revenue dropped from approximately \$1.8 million in FY 2008-09 to around \$600,000. With no major changes in interest rates expected in this fiscal year, staff is estimating that investment earnings revenue will remain low. A shortfall of approximately \$789,000 is expected at this time.

**Licenses & Permits.** Total building permits, as well as revenue from those permits, were down approximately 32% in the first quarter compared to the same time period last year. Overall, however, this revenue category is expected to slightly exceed the budget amount since staff budgeted conservatively and other revenues in the category, such as business privilege licenses, still appear to be on track to meet budget.

**EXPENDITURES:**

**Salaries.** As of the end of September, there have been 5.7 payroll cycles charged against the FY 2010-11 budget, which represents 21.8% of the total payroll cycles that will occur during this fiscal year. Actual salary expenses stand at 21.9% of budget. The fact that actual salary expenses are running slightly ahead of budget is due to the fact that the one-time \$300 payment for all full-time employees earning at or below the Asheville area median income was charged against a July payroll. Departments remain on track to achieve the \$878,000 in vacancy savings that were programmed into the FY 2010-11 adopted budget. Departments are holding the equivalent of 15 management and development review positions vacant to achieve these savings.

**Utilities/Fuel.** In terms of operating costs, the average price of B5 biodiesel fuel was 38 cents per gallon higher during the first quarter of this fiscal year compared to FY 2009-10, and the cost of E10 fuel was 18 cents higher. Staff will monitor fleet maintenance budget throughout the year to ensure that these higher fuel prices do not cause departments' to exceed their budgets. In a positive development, the state utility commission approved a 4.5% rate decrease for Progress Energy customers which will take effect on December 1. This rate reduction will produce savings of about \$20,000 over the next seven months.

**Community Center Hours.** As Council is aware, community center hours at ten locations were reduced as a budget savings strategy in the current fiscal year. In order to minimize disruption to ongoing summer operations, full implementation of these reductions went into effect August 21. Staff is currently tracking initial changes and impacts, with programmatic evaluation to continue as we move further into the budget year. We are anticipating full effects of the changes during the second and fourth quarters, due to the start of basketball season in late November and summer operations that begin in late May.

**Brush Collection.** Another budget savings strategy implemented this fiscal year was a reduction in the frequency of household brush collection from twice a month to once a month. Staff notified citizens of this change in late June 2010. We have received feedback from concerned residents that the reduced service has impacted the aesthetics of their neighborhood. Staff is evaluating options such as charging for additional brush service above the standard monthly collection. Staff will make a recommendation regarding any changes as part of the FY 2012 budget process.

**Additional Saving Strategies.** As noted earlier in the report, in order to conservatively manage expenditures in the midst unprecedented economic times, staff has asked departments to identify additional savings in the current year budget. These savings will come from a combination of strategies that have minimal impacts on city services including selective hiring, line item reductions in areas such as training and travel and professional services, and delaying capital projects.

**FUND BALANCE ANALYSIS:**

The FY 2009-10 audit is not yet complete, so the final year-end fund balance figure for that year is not available. Staff is estimating that available fund balance at the end of FY 2009-10 will be approximately \$11.9 million, which will equate to 12.8% of year-end expenses. Since the start of the current fiscal year, Council has approved the use of \$450,000 in fund balance. With implementation of the savings strategies mentioned above, FY 2010-11 expenditures are expected to equal revenues, which means available fund balance will remain at \$11.9 million or 13.6% of estimated expenditures. The City's Financial Management Policy recommends that the City maintain a fund balance equal to 15% of the current-year budget expenditures.

## ENTERPRISE FUNDS

The following information summarizes year-to-date and year-end projections for the City's eight enterprise funds.

### Water Fund

	Adopted Budget	9/30/2010 Actuals	Year-End Estimate	Pos./(Neg.) Bud. Variance
Revenue	33,011,200	8,189,923	32,963,876	(47,324)
Expenditure	33,011,200	4,903,350	32,846,144	165,056
Rev. Over/(Under) Exp.	0	3,286,573	117,732	--

Water operating revenues are trending slightly below forecast mostly due to a continued decline in local development resulting in reduced revenue from taps and connections. Water Resources was conservative in estimating development-related revenues for the current fiscal year. If development continues to decline, then the year-end estimates will be revised to reflect the impact on revenues, and the department will reduce expenditures to balance the budget. Preliminary data suggests that Water operating expenditures are currently within the boundaries of the financial forecast.

### Civic Center Fund

	Adopted Budget	9/30/2010 Actuals	Year-End Estimate	Pos./(Neg.) Bud. Variance
Operating Revenue*	1,721,950	245,304	1,600,000	(121,950)
Expenditure	2,114,544	392,971	2,000,000	114,544
Rev. Over/(Under) Exp.	(392,594)	(147,668)	(400,000)	--

\* Represents operating revenue before general fund subsidy

The first quarter was an exciting time for the venue. Highlights included hosting the Children's Area and the Senior Oasis for Bele Chere and The Craft Fair of the Southern Highlands; the quarter featured sold-out shows in both the arena (Sugarland) and the Thomas Wolfe (Pixies), and the Blue Ridge Roller Girls continue to have very strong attendance, averaging approximately 3500 fans per bout. Both revenues and expenditures are as anticipated for the first quarter, and projections for the remainder of the budget year appears to be on track, based on bookings of several shows that are sold-out or anticipated to sell out.

**Parking Fund**

	Adopted Budget	9/30/2010 Actuals	Year-End Estimate	Pos./ (Neg.) Bud. Variance
Revenue	2,911,500	827,259	2,850,000	(61,500)
Expenditure	2,911,500	382,354	2,410,000	501,500
Rev. Over/(Under) Exp.	0	444,905	440,000	--

Parking revenues are expected to end the year very close to budget projections. Most categories of parking revenues are up year-to-date FY2011 versus FY2010. The notable exceptions are monthly parking sales in the garages and monthly permit sales on the streets. This is indicative of a still soft economy, which has resulted in a lower demand for long term parking. Expenditures are expected to come in under budget by about \$500,000 primarily due to little or no debt service money being spent this fiscal year on a new parking deck at 51 Biltmore Avenue.

**Transit Fund**

	Adopted Budget	9/30/2010 Actuals	Year-End Estimate	Pos./ (Neg.) Bud. Variance
Revenue	5,736,596	785,083	5,800,000	63,404
Expenditure	5,736,596	653,150	5,700,000	36,596
Rev. Over/(Under) Exp.	0	131,933	100,000	--

For the first quarter, ridership is down 1.3% compared to the first quarter of FY 2009-10. Ridership trends will continue to be monitored to determine if there will be an impact on revenue. The current fiscal year expense budget is only slightly higher than the expense budget for FY 2009-10, so it is crucial that fuel prices and maintenance costs remain stable throughout the fiscal year.

**Golf Fund**

	Adopted Budget	9/30/2010 Actuals	Year-End Estimate	Pos./ (Neg.) Bud. Variance
Revenue	920,000	250,408	875,000	(45,000)
Expenditure	920,000	209,461	850,000	70,000
Rev. Over/(Under) Exp.	0	40,947	25,000	--

Revenue for the first quarter was recorded at 27%, compared to last year at 25.3%. The golf course was closed due to weather for two days of the 92 days in the first quarter. Heat, a weak economy and local courses offering specials have potential to create a negative impact on revenues. The golf course continues to offer golf specials and manages the golf course fees to enhance revenue.

**Stormwater Fund**

	Revised Budget	9/30/2010 Actuals	Year-End Estimate	Pos./ (Neg.) Bud. Variance
Operating Revenue**	3,095,218	280,464	3,100,000	4,782
Expenditure	3,455,218	542,334	3,360,000	95,218
Rev. Over/(Under) Exp.	(360,000)	(261,870)	(260,000)	--

\*\* Represents operating revenue less fund balance appropriation

The billing cycle is just beginning for single family residential properties so revenues will begin to increase in the coming months. In September, Council approved a \$360,000 appropriation from Stormwater fund balance for the Old Toll retaining wall project, a critical infrastructure project. Operationally, staff continues the Swannanoa Flood Risk Management Project, which will identify flood reduction projects within the Swannanoa Watershed. The stormwater construction crew installed stormwater system on Bassett Road and replaced an existing stormwater system on Evelyn Place. The Stormwater maintenance crew completed 38 work orders in this time period: 18 replace catch basin lid work orders, 5 catch basin repair work orders, 1 sink-hole repair work orders, 1 repair road shoulder work orders and 5 reset catch basin lid work orders, 1 culvert repair work order, 3 ditching work orders and 4 drain cleaning work orders. The stormwater maintenance crews also swept 1167 miles of roadways and cleaned 2075 catch basins which removed 339.82 tons of material.

**Festivals Fund**

	Adopted Budget	9/30/2010 Actuals	Year-End Estimate	Pos./ (Neg.) Bud. Variance
Operating Revenue*	547,242	357,752	543,274	(3,968)
Expenditure	709,894	494,572	705,000	4,894
Rev. Over/(Under) Exp.	(162,652)	(136,820)	(161,726)	--

\* Represents operating revenue before general fund subsidy

Actuals through 9/30/2010 include the costs of July 4th and Bele Chere. As with every year, expenditures in the first quarter of the fiscal year are substantial due to Bele Chere, which represents over 70% of the overall Festival Fund budget. Revenues in the Festivals Fund will see a slow increase through the next three quarters and end the final quarter with a large increase with the receipt of vendor and sponsorship revenue for the 2011 Bele Chere.



**Street Cut Utility Fund**

	Adopted Budget	9/30/2010 Actuals	Year-End Estimate	Pos./ (Neg.) Bud. Variance
Revenue	1,578,280	0	1,262,624	(315,656)
Expenditure	1,578,280	285,582	1,262,624	315,656
Rev. Over/(Under) Exp.	0	(285,582)	0	--

The City's street cut repair operations were consolidated on July 1, 2010 and set up as a new Enterprise Fund. Crews in this fund patched 324 utility cuts in the first quarter. Beginning January 1, 2010, crews will also take on responsibility for patching utility cuts for MSD and PSNC. The estimated year-end revenues and expenses are lower than budget due to the fact that work for MSD and PSNC will not start until January.

**HEALTH CARE PROGRAM:**

In the Health Care Program, expenditures continue to grow at a faster rate than overall inflation. For calendar year 2009, the total spent on the City's medical, dental, and drug claims increased by 25.1%, compared to a national average increase of 7.8%. In an effort to stem this growth, a number of adjustments to the Health Care Program were implemented as a part of the FY 2010-11 budget. As discussed with Council during the budget process, these cost savings strategies, including a dependant audit and other plan changes, are expected to save close to \$1.0 million. With these changes in place, staff was expecting that cost increases in the Health Care Program for FY 2010-11 would be limited to approximately 3% - 4%. During the first three months of the fiscal year, expenses were tracking at about that pace; however, several large claims for critical illnesses and/or injury were filed in October. With October's claims included, claims costs are running 6% higher than the same time period last fiscal year. If this growth trend continues, expenditures in the Health Care Program will exceed City and employee contributions to the program in the current fiscal year. However, the impact of some savings strategies may not be fully realized until later in the year. Staff will monitor the Health Care Program and report back to Council during the 2<sup>nd</sup> Quarter Report.

**CAPITAL PROJECT UPDATE**

As a part of the annual year-end closing and audit process, along with the conversion to the MUNIS financial software, staff completed a comprehensive review of existing capital projects to determine if there were projects that were completed and ready to be closed. During this review process, staff identified approximately \$500,000 in savings from projects in the General Capital Projects Fund that were complete and that came in under budget. These savings have been moved to the General Capital Projects Fund's reserve account. This addition brings the total amount available in the capital reserve account to \$625,000. In a separate item on tonight's agenda, staff is recommending that Council appropriate \$142,000 from this reserve to increase the budget for the Deaverview Bridge project because bids on the project have come back higher than anticipated. This will leave approximately \$483,000 in the capital reserve account. Staff is recommending that the money remaining in the capital reserve be allocated for the FY 2011-12 CIP during the upcoming budget process. The remainder of this section provides an update on the status of some of the City's active major capital projects.

**Enterprise Software Upgrade (H.T.E. Replacement or BTIP)**

Budget	Expenditures & Encumbrances	Avail. Budget
2,000,000	1,836,141	163,859

Phase II of the BTIP project is continuing. Business licenses and work orders have been implemented with the Human Resources and Payroll modules set to go live in January 2011. Utility billing is scheduled to go live on July 1, 2011. The project remains within budget.

**Livingston Street Splash Pad**

Budget	Expenditures & Encumbrances	Avail. Budget
200,000	33,294	166,706

Construction drawings are being generated with a phased implementation planned for this project.

**Livingston Street Center**

Budget	Expenditures & Encumbrances	Avail. Budget
2,430,000	2,383,939	46,061

The construction of the first phase of the Livingston Street Recreation Center officially commenced on April 13, 2010. Currently the entire site has been graded including the installation of utilities and parking lot curbing. The slab, walls and roof have been erected for the building and the masonry veneer for all of the facility's facades is underway. Once the exterior work is completed and the structure is "dried in," the construction emphasis will be on the interior of the building during the winter months. The project is set for completion in February of 2011.

**Reed Creek Greenway Phase II**

Budget	Expenditures & Encumbrances	Avail. Budget
783,000	100,031	682,969

The construction contract for this project will be awarded soon. Construction is anticipated to be complete in the spring of 2011.

**Recreation Center Maintenance & Roof Repairs**

Budget	Expenditures & Encumbrances	Avail. Budget
250,000	199,981	50,019

Ceiling repairs are being done for the Shiloh Center. Roof repairs are being done for the Burton Street and Stephens Lee Centers, Magnolia Park, and the park maintenance building.

**Park Facilities Maintenance**

Budget	Expenditures & Encumbrances	Avail. Budget
236,761	99,768	136,993

Outdoor courts are being resurfaced for the Carrier Park roller hockey, Malvern Hills tennis, Montford Park tennis, and Weaver Park tennis and basketball. Repair work is also occurring for the canopy at the Valley Springs concession/restroom facility.

**Nature Center Improvements**

Budget	Expenditures & Encumbrances	Avail. Budget
100,000	44,000	56,000

Work is currently being done on upgrades to the coyote and cougar exhibits and the barn siding is being repaired.

**Sidewalks – East (Fee-In-Lieu)**

Budget	Expenditures & Encumbrances	Avail. Budget
252,000	158,468	93,532

Sidewalk installation along US 70 (Tunnel Road) from Crockett Avenue to Avon Road (3,000+ linear feet) is currently being designed and will be constructed during the current fiscal year.

**Sidewalks – West (Fee-In-Lieu)**

Budget	Expenditures & Encumbrances	Avail. Budget
211,000	101,843	109,157

NC 191 (Brevard Road) from I-26 to I-40 has been identified as a potential project. The City would reimburse NCDOT 40% of the cost of a sidewalk along the west side of an ongoing widening project. A second possible project for the remaining funds will likely be along US 19-23 (Patton Avenue) from Wilburn Road to NC 63 (Leicester Hwy).

**Traffic Safety Projects**

Budget	Expenditures & Encumbrances	Avail. Budget
170,000	20,134	149,866

Partnering with NCDOT to install signals and crosswalks at four signalized intersections: McDowell St and Choctaw, Haywood Rd. and Louisiana Ave., Biltmore Ave. and S. Charlotte St., and Clingman Ave. and Hilliard St.

**General Sidewalk Maintenance**

Budget	Expenditures & Encumbrances	Avail. Budget
200,000	39,155	160,845

During the first quarter of this fiscal year, the sidewalk crew worked on the Madeline Avenue and College Place projects.

**General Street Maintenance**

Budget	Expenditures & Encumbrances	Avail. Budget
752,300	456,083	296,217

The following streets were resurfaced in the first quarter: Edgewood Road, Roberts Road, Piedmont Avenue, Temple Avenue, Upland Road, Tsali Trail, Robinhood Road, Ardmore Street, Sheridan Road, Arnold Road, Coventry Circle, and Winthrop Road.

**Patton Avenue Sidewalk**

Budget	Expenditures & Encumbrances	Avail. Budget
450,000	265,000	185,000

This project is currently under construction and should be complete in 3-4 weeks. The initial budget for the project was approved at \$450,000, with \$300,000 in funding from the City and \$150,000 from NCDOT. Final costs for the project will likely come in under the budget. Once the project is complete and final reimbursement has been received from NCDOT, savings in the City funding will be transferred to capital reserves.

**East Oakview Bridge**

Budget	Expenditures & Encumbrances	Avail. Budget
1,363,000	247,247	1,115,753

Staff just completed the City's permitting process for this project and anticipate advertising for bids by mid December, with construction commencing in the spring.

**Clingman Avenue Streetscape**

Budget	Expenditures & Encumbrances	Avail. Budget
907,251	761,138	146,113

This project is under construction. Utility poles are being relocated on the two lane section. Once that is complete, staff will start concrete and drainage work. All work on bottom section is complete. The entire project should be complete in early 2011.

**Deaverview Bridge**

Budget	Expenditures & Encumbrances	Avail. Budget
158,000	0	158,000

The Engineering Services Division of Public Works has opened bids to do repair work on the Deaverview Road Bridge. The bridge carries Deaverview Road over the Norfolk – Southern Railroad, and is adjacent to the City's Roger Farmer Park. The structure has severe corrosion on the main steel beam supports. Only one bid was received, and it was above the approved budget. In a separate item on the November 23 Council agenda, staff is requesting a budget amendment to increase this project budget to \$300,000.

**City Hall Repairs**

Budget	Expenditures & Encumbrances	Avail. Budget
450,000	395,000	55,000

The contract with the engineer for the initial evaluation has been approved and signed. Additional funding for this project will be requested in the FY 2011-12 CIP.

**Rankin & Wall Parking Deck Restoration**

Budget	Expenditures & Encumbrances	Avail. Budget
1,032,000	493,750	538,250

Restoration work on the garages is nearing completion, with the project slated to come in significantly under budget.

**Transit Fare Boxes & 1<sup>st</sup> 5 Hybrid Buses**

Budget	Expenditures & Encumbrances	Avail. Budget
2,858,417	2,844,030	14,387

Five hybrid buses were ordered on 9/17/09; we expect to receive them by March 2011. The farebox project is complete, and the City received a reimbursement from the State for 10% of the costs, which means that less City funds were needed than originally budgeted. The City savings will go into the Transit Capital reserve for use on future projects.

**INVESTMENT REPORT**

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The total investments for the City of Asheville as of September 30, 2010 were \$76,418,996. These investments represent cash and cash equivalents and do not reflect budgeted contractual commitments against these funds. These investments comply with North Carolina General Statutes, the City's investment policies and the City's bond restrictions. The average rate of return for all investments is 0.60%. Shown below are the total investments as of September 30, 2010, reduced by contractual commitments and the funds that are restricted by bond order.

<b>Total Cash &amp; Investments as of 9/30/10</b>		<b>\$76,418,996</b>
<b>Less:</b>		
Budgeted Commitments:		
Outstanding Encumbrances		(26,573,219)
 Bond Restricted Funds:		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(1,098,369)	
Bond Proceeds to Be Drawn Down	<u>(1,657,215)</u>	
		<u>(29,328,803)</u>
 <b>Net Amount</b>		 <b>\$47,090,193</b>

Attached to this report are a graph and a table that provide greater detail on the allocation of funds within the City's investment portfolio.

**SUMMARY**

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***For more information.*** This summary is based on detailed information produced by the City's financial management system. If you would like additional information, or have any questions about the report, please call the Budget Office at 259-5635.

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